

**Introduced by Senator Perata**

February 23, 2007

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An act to add Section 7104.1 to the Revenue and Taxation Code, relating to transportation.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 717, as introduced, Perata. Transportation Investment Fund.

Existing law specifies the allocation of funds in the Transportation Investment Fund, derived from a portion of the sales tax on gasoline, to various transportation projects and programs. Article XIX B of the California Constitution requires, commencing with the 2003–04 fiscal year, that sales taxes on motor vehicle fuel that are deposited into the General Fund be transferred to the Transportation Investment Fund for allocation for those transportation purposes until the end of the 2007–08 fiscal year. Thereafter, Article XIX B requires these revenues to be allocated to broad categories of transportation purposes, including 20% for programs funded by the Public Transportation Account, 40% for transportation capital improvement projects in the State Transportation Improvement Program, and 40% for apportionment to cities and counties pursuant to certain formulas for road maintenance and construction purposes.

This bill would continue the Transportation Investment Fund in existence and would specify the use of revenues deposited in that fund from gasoline sales tax revenues subject to Article XIX B beginning in the 2008–09 fiscal year.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 7104.1 is added to the Revenue and  
2     Taxation Code, to read:

3     7104.1. (a) The Transportation Investment Fund (hereafter  
4     the fund) in the State Treasury is hereby continued in existence.  
5     All revenues transferred to the fund pursuant to Article XIX B of  
6     the California Constitution beginning with the 2008–09 fiscal year  
7     shall be available for expenditure as provided in this section,  
8     subject to appropriation by the Legislature.

9     (b) All of the following shall occur on a quarterly basis:

10    (1) The State Board of Equalization, in consultation with the  
11    Department of Finance, shall estimate the amount that is transferred  
12    to the General Fund under subdivision (b) of Section 7102 that is  
13    attributable to revenue collected for the sale, storage, use, or other  
14    consumption in this state of motor vehicle fuel, as defined in  
15    Section 7304.

16    (2) The State Board of Equalization shall inform the Controller,  
17    in writing, of the amount estimated under paragraph (1).

18    (3) Commencing with the 2008–09 fiscal year, the Controller  
19    shall transfer the amount estimated under paragraph (1) from the  
20    General Fund to the fund.

21    (c) For each quarter, commencing with the 2008–09 fiscal year,  
22    the Controller shall make all of the following transfers and  
23    apportionments from the fund:

24    (1) To the Public Transportation Account, a trust fund in the  
25    State Transportation Fund, 20 percent of the revenues deposited  
26    in the fund.

27    (2) To the Department of Transportation for expenditure for  
28    transportation capital improvement projects subject to all of the  
29    rules governing the State Transportation Improvement Program,  
30    40 percent of the revenues deposited in the fund.

31    (3) To the Controller for apportionment pursuant to paragraphs  
32    (A) and (B), 40 percent of the revenues deposited in the fund.

33    (A) Of the amount available under this paragraph, 50 percent  
34    shall be apportioned by the Controller to the counties, including  
35    a city and county, in accordance with the following formulas:

36    (i) Seventy-five percent of the funds payable under this  
37    subparagraph shall be apportioned among the counties in the  
38    proportion that the number of fee-paid and exempt vehicles that

1 are registered in the county bears to the number of fee-paid and  
2 exempt vehicles registered in the state.

3 (ii) Twenty-five percent of the funds payable under this  
4 subparagraph shall be apportioned among the counties in the  
5 proportion that the number of miles of maintained county roads  
6 in each county bears to the total number of miles of maintained  
7 county roads in the state. For the purposes of apportioning funds  
8 under this subparagraph, any roads within the boundaries of a city  
9 and county that are not state highways shall be deemed to be county  
10 roads.

11 (B) Of the amount available under this paragraph, 50 percent  
12 shall be apportioned by the Controller to cities, including a city  
13 and county, in the proportion that the total population of the city  
14 bears to the total population of all the cities in the state.

15 (d) Funds received under subparagraph (A) or (B) of paragraph  
16 (3) of subdivision (c) shall be deposited as follows in order to avoid  
17 the commingling of those funds with other local funds:

18 (1) In the case of a city, into the city account that is designated  
19 for the receipt of state funds allocated for transportation purposes.

20 (2) In the case of a county, into the county road fund.

21 (3) In the case of a city and county, into a local account that is  
22 designated for the receipt of state funds allocated for transportation  
23 purposes.

24 (e) Funds allocated to a city, county, or city and county under  
25 subparagraph (A) or (B) of paragraph (3) of subdivision (c) shall  
26 be used only for street and highway maintenance, rehabilitation,  
27 reconstruction, and storm damage repair. For purposes of this  
28 section, the following terms have the following meanings:

29 (1) "Maintenance" means either or both of the following:

30 (A) Patching.

31 (B) Overlay and sealing.

32 (2) "Reconstruction" includes any overlay, sealing, or widening  
33 of the roadway, if the widening is necessary to bring the roadway  
34 width to the desirable minimum width consistent with the  
35 geometric design criteria of the department for 3R (reconstruction,  
36 resurfacing, and rehabilitation) projects that are not on a freeway,  
37 but does not include widening for the purpose of increasing the  
38 traffic capacity of a street or highway.

39 (3) "Storm damage repair" is repair or reconstruction of local  
40 streets and highways and related drainage improvements that have

1 been damaged due to winter storms and flooding, and construction  
2 of drainage improvements to mitigate future roadway flooding and  
3 damage problems, in those jurisdictions that have been declared  
4 disaster areas by the President of the United States, where the costs  
5 of those repairs are ineligible for emergency funding with Federal  
6 Emergency Relief (ER) funds or Federal Emergency Management  
7 Administration (FEMA) funds.

8 (f) For the purpose of allocating funds under subparagraph (A)  
9 or (B) of paragraph (3) of subdivision (c) to counties, cities, and  
10 a city and county, the Controller shall use the most recent  
11 population estimates prepared by the Demographic Research Unit  
12 of the Department of Finance. For a city that incorporated after  
13 January 1, 2008, that does not appear on the most recent population  
14 estimates prepared by the Demographic Research Unit, the  
15 Controller shall use the population determined for that city under  
16 Section 11005.3.